
By: **Chairman, Environmental Matters Committee (By Request -
Departmental - Housing and Community Development)**

Introduced and read first time: January 21, 2004

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development - Community Legacy**
3 **Program - Neighborhood Intervention Projects**

4 FOR the purpose of altering the purposes of a community legacy project to include the
5 financing of a neighborhood intervention project for the demolition of buildings
6 under certain circumstances; imposing certain obligations on a sponsor of a
7 neighborhood intervention project under certain circumstances; authorizing the
8 Department of Housing and Community Development to transfer certain
9 moneys in the Community Legacy Financial Assistance Fund to certain other
10 funds; authorizing the Community Legacy Board to grant certain waivers from
11 certain requirements imposed on sponsors of neighborhood intervention projects
12 under certain circumstances; defining certain terms; and generally relating to
13 neighborhood intervention projects and the Community Legacy Program in the
14 Department of Housing and Community Development.

15 BY repealing and reenacting, with amendments,
16 Article 83B - Department of Housing and Community Development
17 Section 4-801, 4-811, and 4-812
18 Annotated Code of Maryland
19 (2003 Replacement Volume)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article 83B - Department of Housing and Community Development**

23 4-801.

24 (a) In this subtitle the following words have the meanings indicated.

25 (b) "Application" means an application to the Board that may include one or
26 more of the following:

27 (1) A request that an area be designated as a community legacy area;

1 (2) A request to approve a community legacy plan; or

2 (3) A request to approve a community legacy project.

3 (c) "Board" means the Community Legacy Board.

4 (d) "Community development financial institution" means a community
5 development financial institution as defined under 12 U.S.C. § 4702, as amended.

6 (e) (1) "Community development organization" means a corporation,
7 foundation, or other legal entity which operates for the purpose of improving the
8 physical, economic, or social environment of its geographic areas of operation.

9 (2) "Community development organization" does not include a
10 corporation, foundation, or other legal entity in which all or a portion of the net
11 earnings inures to the benefit of any private shareholder or individual holding an
12 interest in that entity.

13 (f) "Community legacy agreement" means an agreement between the
14 Department and a sponsor to develop a community legacy plan or implement one or
15 more community legacy projects in a designated community legacy area.

16 (g) "Community legacy area" means an area:

17 (1) Located in a priority funding area; and

18 (2) Determined by the Board to satisfy the requirements of § 4-805 of
19 this subtitle.

20 (h) "Community legacy plan" means a plan submitted by a sponsor to the
21 Board for approval which may consist of one or more community legacy projects
22 designed to prevent or reverse decline or disinvestment in a community legacy area
23 through improvements in residential, commercial, or other public or private
24 properties.

25 (i) (1) "Community legacy project" means a project or projects submitted by
26 a sponsor to the Board for approval in accordance with this subtitle.

27 (2) "Community legacy project" includes projects to:

28 (i) Create, improve, or preserve housing opportunities, including
29 the acquisition, construction, rehabilitation, or improvement of new or existing
30 homeownership or rental properties;

31 (ii) Strategically demolish buildings or improvements to enhance
32 the use of land;

33 (iii) Create, improve, or preserve mixed-use or commercial
34 development, including any appropriate combination of properties related to
35 business, housing, open-space, and institutional uses;

1 (iv) Develop public infrastructure that is incidental to the
2 implementation of a community legacy project, such as streets, parking, public
3 utilities, landscaping, lighting, and improvements to pedestrian and bicycle
4 circulation;

5 (v) Encourage and develop cooperative ownership control of
6 open-space;

7 (vi) Develop or create strategies targeted at increasing investment
8 in existing communities, including outreach activities designed to attract business,
9 capital, residents, and visitors and the development and maintenance of resources
10 directly related to the development of a community legacy plan or the implementation
11 of a community legacy project;

12 (vii) Acquire or improve vacant buildings or unimproved land,
13 including the practice of landbanking;

14 (viii) Provide [financing] FINANCIAL ASSISTANCE for a
15 neighborhood intervention project; or

16 (ix) Develop any other community legacy plans or implement any
17 other community legacy projects that the Board deems necessary to further the
18 purposes of this subtitle.

19 (j) "Financial assistance" includes:

20 (1) A grant;

21 (2) A loan;

22 (3) Any reduction in the principal obligation of or rate of interest payable
23 on a loan or portion of a loan;

24 (4) Any prepayment of interest on a subordinate or superior loan or
25 portion of a loan;

26 (5) Any assurance;

27 (6) Any guarantee; or

28 (7) Any other form of credit enhancement.

29 (k) "Landbanking" means the acquisition and holding of improved and
30 unimproved property in anticipation of future development of the property or to
31 ensure the future use of the property and improvements remain affordable.

32 (L) "LOCAL GOVERNMENT" MEANS ANY OF THE 23 COUNTIES OF THE STATE,
33 THE CITY OF BALTIMORE, A MUNICIPAL CORPORATION OF THE STATE SUBJECT TO
34 ARTICLE XI-E OF THE MARYLAND CONSTITUTION, OR ANY OF THEIR DULY
35 AUTHORIZED AGENCIES OR INSTRUMENTALITIES.

1 [(l)] (M) "Neighborhood intervention project" means a project sponsored by:

2 (1) A community development financial institution to provide financial
3 assistance to individuals or business entities that are owner-occupants, community
4 development organizations, or local governments for the purpose of buying properties
5 that are in need of rehabilitation and are located in otherwise stable neighborhoods so
6 as to redevelop the properties through rehabilitation, demolition, reconstruction, or
7 re-use; [or]

8 (2) A local government for the purpose of demolishing improvements on
9 property that are:

10 (i) Dangerous for use or occupancy;

11 (ii) So deteriorated that rehabilitation is not feasible; and

12 (iii) Located in otherwise stable neighborhoods; OR

13 (3) A LOCAL GOVERNMENT FOR THE PURPOSE OF DEMOLISHING
14 IMPROVEMENTS ON PROPERTY TO PREPARE THE PROPERTY FOR REVITALIZATION,
15 REDEVELOPMENT, OR RE-USE AS PART OF A REDEVELOPMENT PLAN.

16 [(m)] (N) "Priority funding area" means an area designated as a priority
17 funding area under § 5-7B-02 of the State Finance and Procurement Article.

18 [(n)] (O) "Program" means the Community Legacy Program established by
19 this subtitle.

20 (P) "REDEVELOPMENT PLAN" MEANS A PLAN APPROVED BY THE BOARD FOR
21 THE REVITALIZATION, REDEVELOPMENT, OR RE-USE OF A PARCEL OR RELATED
22 PARCELS OF PROPERTY.

23 [(o)] (Q) "Sponsor" means:

24 (1) A local government;

25 (2) A group of local governments;

26 (3) A community development organization; or

27 (4) A community development financial institution.

28 4-811.

29 (a) There is a Community Legacy Financial Assistance Fund established for
30 the purposes specified in this subtitle.

31 (b) (1) The Fund is a continuing, nonlapsing fund, which is not subject to §
32 7-302 of the State Finance and Procurement Article.

1 (2) The Treasurer shall separately hold and the Comptroller shall
2 account for the Fund.

3 (3) Notwithstanding any other provision of law, the Treasurer may
4 invest moneys in the Fund in a manner consistent with the investment of moneys by
5 the State Retirement and Pension System.

6 (4) Any investment earnings of the Fund shall be paid into the Fund.

7 (c) The Secretary shall administer the Fund in accordance with the
8 recommendations of the Board.

9 (d) The Fund consists of:

10 (1) Moneys appropriated in the State budget to the Fund;

11 (2) Earnings from the investment of moneys in the Fund;

12 (3) Repayments and prepayments of financial assistance provided by the
13 Program; and

14 (4) Any other moneys accepted for the benefit of the Fund from any
15 governmental or private source.

16 (E) AT ANY TIME FOLLOWING THE FIRST 8 MONTHS OF A FISCAL YEAR, THE
17 DEPARTMENT MAY TRANSFER, SUBJECT TO § 7-209 OF THE STATE FINANCE AND
18 PROCUREMENT ARTICLE, UNENCUMBERED MONEYS IN THE FUND TO ANY OTHER
19 FUND ESTABLISHED UNDER THIS TITLE.

20 4-812.

21 (a) The Board may waive the requirements of §§ 4-804(b)(1) and 4-805 of this
22 subtitle regarding the designation of a community legacy area and a community
23 legacy plan for applications requesting financial assistance solely for a neighborhood
24 intervention project.

25 (b) (1) The Board shall annually allocate a percentage, no less than 10%, of
26 the Community Legacy Financial Assistance Fund to neighborhood intervention
27 projects.

28 (2) The Board may not award more than \$500,000 in financial assistance
29 for a neighborhood intervention project.

30 (c) To receive financial assistance for a neighborhood intervention project
31 described in § [4-801(l)(1)] 4-801(M)(1) of this subtitle, the sponsor shall agree to use
32 the financial assistance, and any repayments and prepayments, primarily to make
33 loans for the purpose set forth in § [4-801(l)(1)] 4-801(M)(1) of this subtitle.

34 (d) To receive financial assistance for a neighborhood intervention project
35 described in § [4-801(l)(2)] 4-801(M)(2) of this subtitle, the sponsor shall agree to

1 repay the financial assistance to the Community Legacy Financial Assistance Fund,
2 up to the amount received by the sponsor from:

3 (1) The net proceeds of the sale of the property on which the demolition
4 took place; or

5 (2) Any payment to the sponsor RELATING TO THE PROPERTY,
6 INCLUDING PAYMENTS, for the costs incurred in demolishing the improvements on
7 the property.

8 (E) TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD
9 INTERVENTION PROJECT DESCRIBED IN § 4-801(M)(3) OF THIS SUBTITLE, THE
10 SPONSOR MUST PROVIDE EVIDENCE, AT THE TIME OF APPLICATION, THAT THE
11 SPONSOR:

12 (1) HAS A LEGAL INTEREST IN THE PROPERTY THROUGH:

13 (I) OWNERSHIP OF THE PROPERTY;

14 (II) A CONTRACT, OPTION, OR OTHER LEGAL RIGHT TO ACQUIRE
15 THE PROPERTY; OR

16 (III) THE RIGHT TO DEMOLISH THE IMPROVEMENTS ON THE
17 PROPERTY;

18 (2) INTENDS THAT THE PROPERTY BE REVITALIZED, REDEVELOPED, OR
19 RE-USED AS PART OF A REDEVELOPMENT PLAN FOR THE PROPERTY;

20 (3) HAS COMPLIED WITH THE REQUIREMENTS OF §§ 5-617 THROUGH
21 5-619 OF THIS ARTICLE AND § 13-1112(B) OF THE FINANCIAL INSTITUTIONS ARTICLE;

22 (4) WILL CONTRIBUTE AN AMOUNT AT LEAST EQUAL TO THE FINANCIAL
23 ASSISTANCE FROM THE PROGRAM TOWARDS THE DEMOLITION OF THE
24 IMPROVEMENTS ON THE PROPERTY;

25 (5) AGREES TO REPAY THE FINANCIAL ASSISTANCE TO THE
26 COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND, UP TO THE AMOUNT RECEIVED
27 BY THE SPONSOR FROM:

28 (I) THE NET PROCEEDS OF THE SALE OF THE PROPERTY; OR

29 (II) ANY PAYMENT TO THE SPONSOR RELATING TO THE PROPERTY,
30 INCLUDING ANY PAYMENT FOR THE COSTS INCURRED IN DEMOLISHING THE
31 IMPROVEMENTS ON THE PROPERTY; AND

32 (6) PROVIDES EVIDENCE THAT THE FINANCIAL ASSISTANCE FROM THE
33 PROGRAM SHALL BE THE LEAST AMOUNT NECESSARY TO COMPLETE THE PROJECT.

34 (F) UPON REQUEST FROM A SPONSOR, THE BOARD MAY GRANT A FULL OR
35 PARTIAL WAIVER OF THE REQUIREMENTS OF SUBSECTION (E)(4) AND (5) OF THIS
36 SECTION.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect July 1, 2004.